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No. 94-1437

IN THE

Supreme Court of the United States

OCTOBER TERM, 1994

CONOPCO, INC. D/B/A CHESEBROUGH-POND'S, USA CO.,

Petitioner,

v.

MAY DEPARTMENT STORES COMPANY, VENTURE STORES, INC., THE BENJAMIN ANSEHL COMPANY, and KESSLER CONTAINERS, LTD.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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MOTION FOR LEAVE TO FILE BRIEF AND BRIEF OF GERSTMAN + MEYERS, INC. AND WALLACE CHURCH ASSOCIATES, INC. AS AMICUS CURIAE IN SUPPORT OF PETITIONER

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MOTION FOR LEAVE TO FILE BRIEF OF GERSTMAN + MEYERS, INC. AND WALLACE CHURCH ASSOCIATES, INC. AS AMICUS CURIAE IN SUPPORT OF PETITIONER

Pursuant to Supreme Court Rule 37.2, Gerstman + Meyers, Inc. ("Gerstman + Meyers") and Wallace Church Associates, Inc. ("Wallace Church")[1] hereby respectfully move for leave to file the attached brief *amicus curiae* in support of the Petition for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") filed by Petitioner in this case. Petitioner has consented, and the original letter from Petitioner's counsel evidencing such consent has been filed with the Clerk of this Court. Respondents refused to give their consent, in telephone conversations between the undersigned and the respective counsel for Respondents on March 27, 1995, thereby necessitating this motion.

As two companies which provide consulting services with respect to package designs for national brands, Gerstman + Meyers and Wallace Church have a long-standing interest in preventing intentional copying of trademarks and trade dress for the purpose of free riding on the unique package designs they create. Gerstman + Meyers' and Wallace Church's business purpose is dependent on their customers' ability to prevent the purposeful simulation of trademarks and trade dress by competitors.

In this case, the Federal Circuit has created an exception to the traditional legal presumption that intentional copying of trademarks and trade dress is likely to result in consumer confusion. To the extent that protection of trade dress is diminished, manufacturers will be discouraged from investing in the development of such distinctive designs and

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[1] Pursuant to Supreme Court Rule 29.1, *Amici* provide the following corporate information. *Amicus* Gerstman + Meyers is a privately held corporation, which has no parents, and one affiliate, GDN Limited. *Amicus* Wallace Church is a privately held corporation which has no parents or affiliates.

consumers will thus be impeded from making efficient choices.

This brief *amicus curiae*, for which Gerstman + Meyers and Wallace Church are requesting permission to file, addresses serious and detrimental consequences of the Federal Circuit's departure from the law in other Circuits and from the policies of the Lanham Act as enumerated by this Court as recently as March 28, 1995. *See Qualitex Co. v. Jacobson Products Co., Inc.*, ___ U.S. ___, 1995 WL 128239 at *3 (March 28, 1995).

For the foregoing reasons, Gerstman + Meyers and Wallace Church respectfully moves for leave to file the attached brief *amicus curiae.*

Respectfully submitted,

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Gerstman + Meyers Inc. ("Gerstman + Meyers") and Wallace Church Associates Inc. ("Wallace Church") respectfully submit this Brief *Amicus Curiae* in support of the Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit ("Petition for Writ of Certiorari") filed by Petitioner, Conopco, Inc. d/b/a/ Chesebrough-Pond's USA Co. ("Chesebrough"). Gerstman + Meyers and Wallace Church join Petitioner in seeking a review of the Judgment of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") in *Conopco, Inc. d/b/a/ Chesebrough-Pond's USA Co. v. May Department Stores et al.*, ___ F.3d ___, 32 U.S.P.Q. 2d 1225 (Fed. Cir. 1994).

INTEREST OF THE *AMICI CURIAE*

The *amici curiae* provide consulting services with respect to package designs for both national brands and private labels, with the object of distinguishing their clients' products from competing products and facilitating the purchasing decisions of consumers who prefer those products. Once a distinctive package design is created for a consumer product, it usually becomes a centerpiece of the product's advertising and promotion and symbolizes the product's goodwill. Just as people recognize one another by appearance, the consumer recognizes a product, not just by its brand name, but by the appearance of the product's packaging. As this Court recognized in *Qualitex Co. v. Jacobson Products Co., Inc.*, ___ U.S. ___, 1995 WL 128239 at *2 (March 28, 1995): "customers may come to treat a particular color on a product or its packaging . . . as signifying a brand."

Amicus Gerstman + Meyers' services include the development and execution of brand identity and package design for a broad range of industries, including food,

pharmaceuticals, health and beauty aids and others. Its national brand clients include Procter & Gamble, Heinz, Ralston-Purina, Bayer AG, Merck and Playtex. Gerstman + Meyers also represents numerous private labels in developing unique identities and package designs for their products.

Amicus Wallace Church is a brand imagery and package design consulting firm. It develops unique brand and private label designs and redesigns for food, personal care, home products, over-the-counter drugs, sporting goods and many other consumer products. Its clients include Kraft Foods, Nabisco, Gillette, Unilever, Johnson & Johnson and Nestle.

Amici have an interest in this case because the decision of the Federal Circuit undermines one of the principal reasons for their existence -- the creation of unique, one-of-a-kind product images and packages. Distinct product designs only have value to the extent that the designs can be protected. Without the presumption or inference of the likelihood of confusion that flows from intentional copying of distinctive product designs, those designs will enjoy little protection and free-riding will flourish.

REASONS FOR GRANTING THE PETITION

I. THE FEDERAL CIRCUIT'S DEPARTURE FROM PRIOR LANHAM ACT DECISIONS CREATES A GRAVE DILEMMA FOR BRAND NAME PRODUCT MANUFACTURERS WHO HAVE MADE A SUBSTANTIAL INVESTMENT IN DISTINCTIVE PACKAGING.

The Federal Circuit's decision that the likelihood of confusion cannot be presumed or inferred from intentional

copying by private label manufacturers is a departure from prior Lanham Act decisions which will result in a serious dilemma for manufacturers of national brands or private labels. Like Chesebrough, many other manufacturers of brand name products have made substantial investments in distinct package designs. Such investments have been motivated by a desire to create consumer recognition of their brands and to prevent consumer confusion. This is particularly important in light of the explosive growth of "copycat" private labels. In 1993, private label manufacturers accounted for approximately $30 billion in sales. *Consumers Head Toward Store Brands*, Phoenix Gazette, May 4, 1994 at C1. The success of private labels should be based on their quality and price, not upon consumer confusion and deception.

The presumption or inference of the likelihood of confusion that flows from intentional copying is important to manufacturers of brand name products because, as the Federal Circuit recognized in its decision, it is often very difficult to obtain direct evidence of customer confusion. (App. A, 10a-11a). In such situations, "the need for presumptions in aid of fact-finding is readily apparent." IIA Areeda & Hovenkamp, *Antitrust Law* ¶ 320a (1995) (addressing the importance of presumptions generally). As Areeda and Hovenkamp recognize, presumptions are particularly important "to cope with an uncertain and untidy reality" and "to guide private behavior." *Id.* "Indeed, we would be immobilized in our everyday lives without presumptions...." *Id.*

Both manufacturers of popular brand names and certain private labels have relied on the expectation of traditional trademark protections in investing millions of dollars in distinctive package designs. The Federal Circuit's unprecedented "private label" exception threatens to

"immobilize" decisions regarding package design in an increasingly important segment of the national economy. Thus, while an investment made in distinctive packaging is likely to be worthwhile in the Second Circuit (where intentional copying creates a presumption of likelihood of confusion), the investment will be wasted, and perhaps even counter-productive, in those circuits that follow the Federal Circuit's lead. In today's national market, it is impractical for a manufacturer to have one product design in one circuit and a different product design in another circuit.

II. THE FEDERAL CIRCUIT'S EVISCERATION OF THE PRESUMPTION OF LIKELIHOOD OF CONFUSION WITH RESPECT TO PRIVATE LABEL PRODUCTS UNDERMINES AN IMPORTANT NATIONAL POLICY.

The Federal Circuit's rejection of the critical presumption of likelihood of confusion imposed by numerous Lanham Act cases is inconsistent with the policy of this Court expressed most recently in *Qualitex Co. v. Jacobson Products Co., Inc., supra* -- to "'encourage[] the production of quality products,' and simultaneously discourage[] those who hope to sell inferior products by capitalizing on a consumer's inability quickly to evaluate the quality of an item offered for sale." *Id.* at * 3 (citations omitted).

Earlier in *Two Pesos, Inc. v. Taco Cabana, Inc.*, ___ U.S. ___, 112 S. Ct. 2753, 120 L.Ed.3d 625 (1992), the Court held that the Lanham Act should not be construed to "hinder improving or maintaining the . . . producer's competitive position." *Two Pesos,* 112 S.Ct. at 2760. Indeed, in *Two Pesos* the Court stressed the need for a

uniform national trademark policy -- a policy that would preclude a special exception for private labels:

> Protection of trade dress, no less than of trademarks, serves the Acts purpose to "secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation." *Park' N Fly*[, *Inc. v. Dollar Park and Fly, Inc.*], 469 U.S. [189,] 198, 105 S.Ct. [658,] 663[, 83 L.Ed.2d 582 (1985)], citing S.Rep. No. 1333, 79th Cong., 2d Sess., 3-5 (1946) (citations omitted).

Id.

The presumption of the likelihood of confusion based on private label manufacturers' intent is appropriate where the private label manufacturer copies his competitor's trade dress, but claims that he does so merely for the purpose of comparison. In such circumstance, it is appropriate to shift the burden of proof to the imitator, who must then prove that it has dispelled any likelihood of confusion. See *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987); *Academy of Motion Picture Arts & Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1449 (9th Cir. 1991); *Ferrari s.p.a. Esercizio Fabriche Automobili E Corse v. Roberts*, 944 F.2d 1235 (6th Cir. 1991), *cert. denied*, __ U.S. __, 112 S.Ct. 3028, 120 L.Ed.2d 899 (1992); *Bauer Lamp Co. v. Shaffer*, 941 F.2d 1165 (11th Cir. 1991).

III. A SPECIAL IMMUNITY FOR PRIVATE BRANDS TO LOOK LIKE NATIONAL BRANDS IS NOT NEEDED TO PROMOTE COMPETITION.

The Federal Circuit has created an exception for private label marketing from the general rule that presumes a likelihood of confusion from intentional copying. The rational of this exception is that court's mistaken assumption that private brands and national brands must look alike in order to compete. As the court describes that process (App. A, 15a):

> The retailer packages its product in a manner to make it clear to the consumer that the product is similar to the national brand, and is intended for the same purpose.

But it is not necessary to deprive national marketers of traditional trademark protections in order to allow private brands to compete. Not all private label manufacturers engage in "copycat" designing. To the contrary, *amici* have assisted numerous private label manufacturers in creating unique product images and distinct packaging which have been successful in advancing the private label products in the market. Ironically, the very protection the Federal Circuit believed was necessary for the private label industry can harm many private label manufacturers, including *amici*'s private label clients, who have invested in distinct product images.

While consumers undoubtedly have benefited from low-priced private labels, consumers are not benefited when they buy a product thinking it is manufactured or licensed by

the national brand company when it is not. Moreover, consumers benefit from distinctive trade dress because it allows them to reliably associate the trade dress with the quality and other attributes of a particular product and to make efficient choices. As this Court recognized in *Qualitex, supra:*

> trademark law, by preventing others from copying a source-identifying mark, "reduce(s) the customer's costs of shopping and making purchasing decisions," (citation omitted), for it quickly and easily assures a potential customer that this item -- the item with this mark -- is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past. At the same time, the law helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product.

1995 WL 128239 at *3 (citations omitted). A purpose of the trademark laws is to reward quality and innovation, not to encourage copying.

IV. THE CONFLICT BETWEEN THE SECOND CIRCUIT AND THE FEDERAL CIRCUIT IN CASES INVOLVING THE SAME MATTER CREATES UNCERTAINTY IN THE APPLICATION OF FEDERAL TRADEMARK LAW.

To demonstrate the serious nature of the conflict created by the Federal Circuit, the Court need only look at how the Federal and Second Circuit Courts treated the evidence of intentional copying adduced by the national

brand companies at trial. *Compare Oral-B Labs., Inc. v. Mi-Lor Corp.*, 810 F.2d 20 (2d Cir. 1978) with *Conopco Inc. v. May Department Stores Company*, ___ F.3d ___, 32 U.S.P.Q.2d 1225 (Fed. Cir. 1994). In both cases, the district courts concluded that the defendants had intentionally copies the national brands' packaging. Specifically, in *Oral-B Labs, Inc.*, the president of the defendant private label company testified that his company adopted the color combinations and the location of color elements "to catch the eye of a potential Oral-B customer." *Id.* at 23.

On appeal, the Second Circuit concluded the defendant desired to stay as close to the Oral-B packaging as it thought it could. *Id.* In an attempt to defend against Oral-B's claims, Mi-Lor pointed to subtle distinctions in its packaging. These arguments were rejected by both the district court and the Second Circuit, since the test for likely consumer confusion depends on whether the products create the same general impression and not whether the packaging contains minor differences. *Id.* at 24. The district court granted injunctive relief, which was later modified to include an absolute prohibition on the use of the Oral-B trademark on the defendant's packaging. The Second Circuit affirmed. *Id.* at 25.

In the present case, the United States District Court for the Eastern District of Missouri found that defendants took a calculated business risk to copy and imitate the entire commercial impression of the Vaseline® Intensive Care® Lotion trade dress. *Id.* at 666. Specifically, in findings undisturbed by the Federal Circuit, the district court found:

- The president of the manufacturer of the Venture's Skin Care Lotion obtained a photograph of the revised Vaseline® Intensive Care® Lotion packaging

six (6) months before Chesebrough first shipped the revised product. 784 F. Supp. at 659.

- The individual who designed the bottle for the Venture packaging was instructed by the president of his company to make the revised skin care packaging as close as possible to the Vaseline® Intensive Care® Lotion packaging. *Id.*

- The designer used photographs of the revised Vaseline® Intensive Care® Lotion packaging when he designed the bottle used for the Venture product. *Id.* at 660.

- The overall appearance of the parties' products is substantially identical. *Id.* at 665.

Without determining these findings were clearly erroneous, the Federal Circuit, in a 2-1 opinion, overturned the district court's finding of trade dress and trademark infringement.[1] According to the majority, the evidence proffered by Chesebrough demonstrated that Venture and other retailers compete by offering look-alike products, but it does not establish a likelihood of confusion among consumers. *Conopco, supra.*

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[1] Circuit Judge Mayer noted in his dissenting opinion that this is beyond the competence of the Circuit Court, that it intrudes on the fact finding role of the district court, and that it encourages litigants to ignore the outcome of the trial and retry the case on appeal. (App. A, 27a). *See also Qualitex, supra*, 1995 WL 128239 at * 4 (deferring to district court findings on color as trademark absent determination by Ninth Circuit of clear error).

CONCLUSION

Due to the severity of this conflict and the important issues regarding the Lanham Act, national trade and consumers' rights, this Court should review the judgment of the Federal Circuit.

Respectfully submitted,

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